NON-TECHNICAL SUMMARY

Immigrants’ labor market outcomes are by far the key indicators of their success and integration in the receiving societies. However, the full use of immigrants’ potential is rarely the case, as the mismatch between immigrants’ skills, qualifications and jobs remains a salient feature of immigrants’ labor outcomes in destination countries. This mismatch often translates into persisting wage penalties, aggravating inequalities between immigrants and native born.

This paper provides Europe-wide evidence on the occupation-qualification mismatch of immigrants as compared to the native born. Using European Social Survey for the years 2002-2009, and covering 22 destination and 76 origin countries, it provides three main results. First, we show that immigrants' mismatch relative to native born is important and pervasive across all countries: immigrants are more likely to be both under- and overeducated in the jobs that they perform compared to the native born. These outcomes are consistent with the fact that immigrants may have difficulties transferring their skills and experience across countries, as well as with the fact that, among individuals with little schooling, only most able and talented individuals move.

Second, the labor market outcomes of immigrants do converge to those of the native born, as the years of professional experience increase. Most of this convergence is due to a better match of those immigrants who perform jobs for which they are overeducated upon arrival.

Third, we also show that home country characteristics, such as the degree of income inequality and the quality of human capital, mostly affect undereducation of immigrants. In contrast, overeducation is determined to a much greater extent by destination-country economic conditions and labor market institutions. Notably, immigrants are less likely than native born to experience upward occupational mobility in rigid labor market environments. Immigrants are also responsive to immigrant-specific policies adopted in destination countries, such as those allowing better access to jobs, providing specific targeted measures of labor market integration,
and fighting discrimination. These results are rather remarkable in the light of the debates regarding common migration policies of European countries. We show that some “best practice” countries can achieve a considerably fuller use of immigrants’ potential. If this is the general objective of other countries, too, our results suggest that there is room for improving immigrant outcomes through policies.

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